



SaskTel's Sask911 Annual Report

(Fiscal Year April 1, 2003 – March 31, 2004)

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The Emergency 911 System Act was proclaimed in 1996 and provided the legislative authority for development and implementation of Enhanced 9-1-1 (E911) call-taking service province-wide. The Sask911 system utilizes SaskTel's CRTC regulated Provincial E911 Service infrastructure for 9-1-1 call routing, and SaskTel's customer billing systems for billing. Once completed, the Sask911 system will ensure that, wherever telephone land lines exist in the province and by dialing 9-1-1, people will be able to access a trained emergency 9-1-1 call-taking operator who has electronic access to automatic number, name and location information.

Planning and implementation of the Sask911 System continued in 2003-2004 in collaboration with the four Sask911 Public Safety Answering Points (PSAPs), municipalities, health districts, local emergency service providers, and the Departments of Corrections and Public Safety (CPS), and Health.

Attached are the financial statements of the Sask911 account for the fiscal year from April 1, 2003 to March 31, 2004.

SaskTel's Goals to move Sask911 forward

- along with the Department of Corrections and Public Safety, continue to facilitate the Sask911 process with the other stakeholders;
- continue to bill and collect Sask911 call taking fees, and administrate the Sask911 Account;
- continue to resolve customer billing issues to accommodate Sask911 fees on the phone bill;
- continue to expand SaskTel's Provincial E911 Service coverage into the unserved northern areas.

SaskTel's Accomplishments

During 2003-2004:

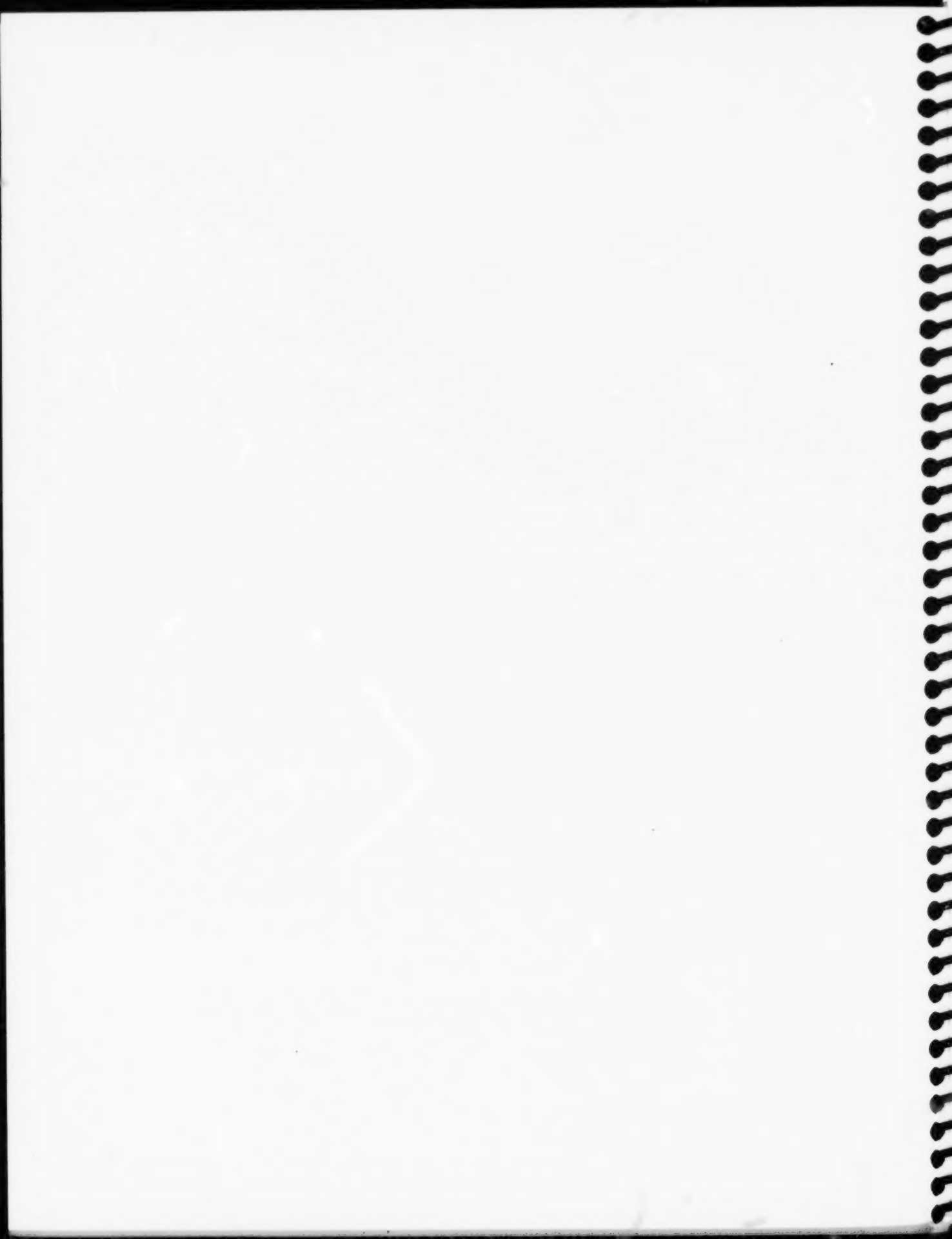
- along with CPS, co-chaired the Sask911 Advisory Committee process, helped facilitate Sask911 implementation meetings, and provided input and advice to the province for the Sask911 initiative;
- implemented Sask911 fees in the new rural and urban expansion areas surrounding Regina, including Yorkton, Melville and South Central Saskatchewan May 2003;

- worked with Telus to implement a single PSAP (November 2003) in Lloydminster to answer 9-1-1 calls on both sides of the border, within the city of Lloydminster. Alberta customer's 9-1-1 calls are routed to Lloydminster using Telus' Prov911 system, while Saskatchewan customer's 9-1-1 calls are routed to Lloydminster using SaskTel's Prov911 system. Currently, approximately 98% of the lines in Saskatchewan have access to 9-1-1 service.
- harmonized SaskTel's CRTC regulated Prov911 infrastructure fees to also include charging wireless customers for 9-1-1 service effective May 2003. As directed by the CRTC, these fees were set at 21 cents per month per wireline, and 11 cents per month per wireless working number.
- worked with CPS, to revise SaskTel's Sask911 fee regulations to harmonize the provincial government's Sask911 call-taking fees to also include charging wireless customers effective October 2003. As per Cabinet approval, these fees were set at 38 cents per month per wireline, and wireless working number.

SaskTel's Future Direction

In 2004, 2005, 2006:

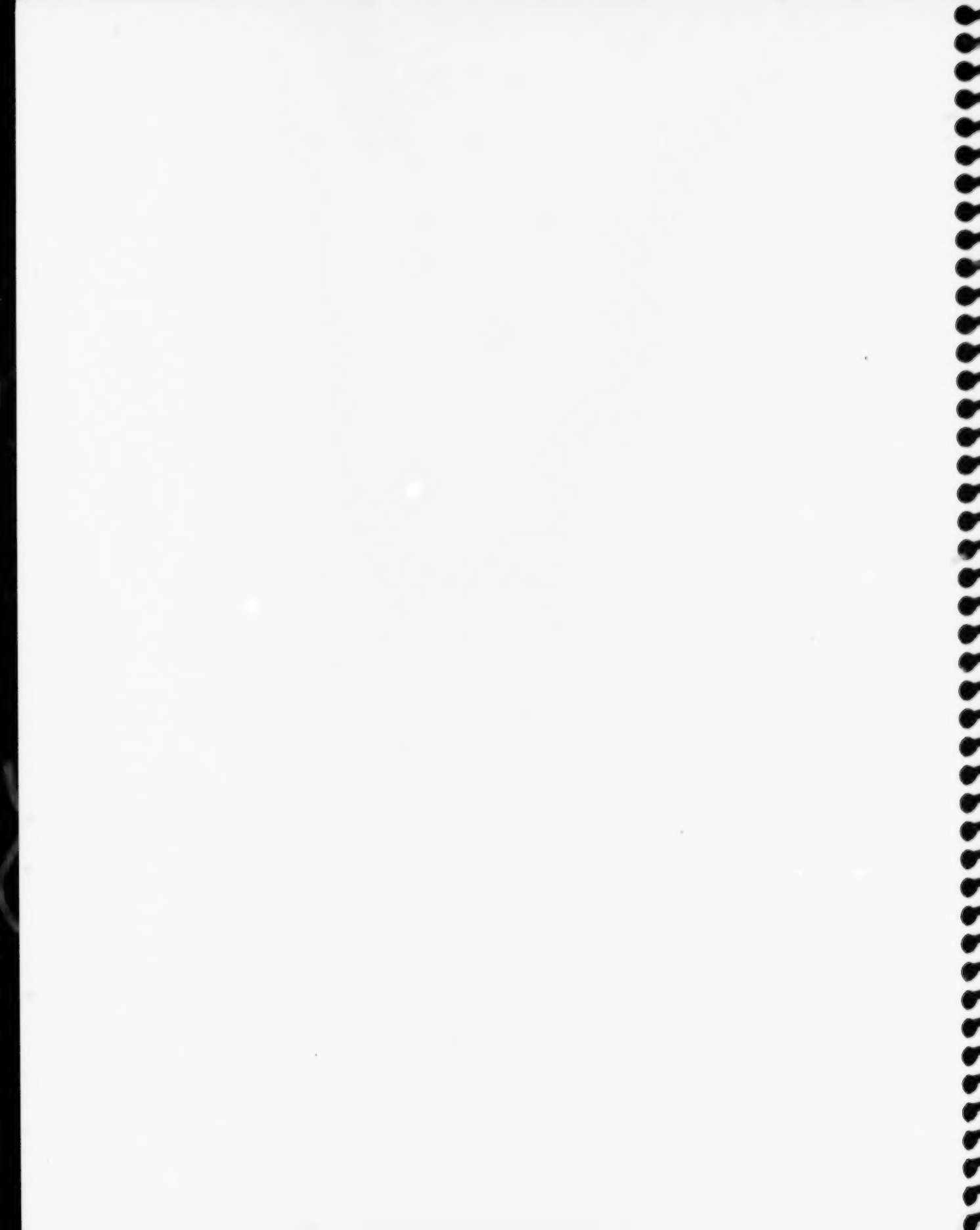
- along with the Department of Corrections and Public Safety, continue to facilitate the Sask911 process with the other stakeholders;
- continue to implement the expansion of SaskTel's Provincial E911 service in collaboration with the PSAPs to the northern areas of the province that do not have access to E9-1-1 service.
- continue to commit the resources for the ongoing support and maintenance of SaskTel's Provincial E911 service infrastructure.
- evaluate the feasibility of developing wireless enhanced 9-1-1 location services, and continue to monitor and evaluate possible solutions for 9-1-1 issues caused by the introduction of new technologies for local service (i.e. voice over internet protocol, etc.).



Financial Statements of

SASK911 ACCOUNT

For the year ended March 31, 2004





KPMG LLP
Chartered Accountants
2000 - 1881 Scarth Street
Regina SK S4P 4K9

Telephone (306) 791-1200
Telefax (306) 757-4703
www.kpmg.ca

AUDITORS' REPORT

To the Members of the Legislative Assembly,
Province of Saskatchewan

We have audited the statement of financial position of Sask911 Account as at March 31, 2004 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Account's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Account as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

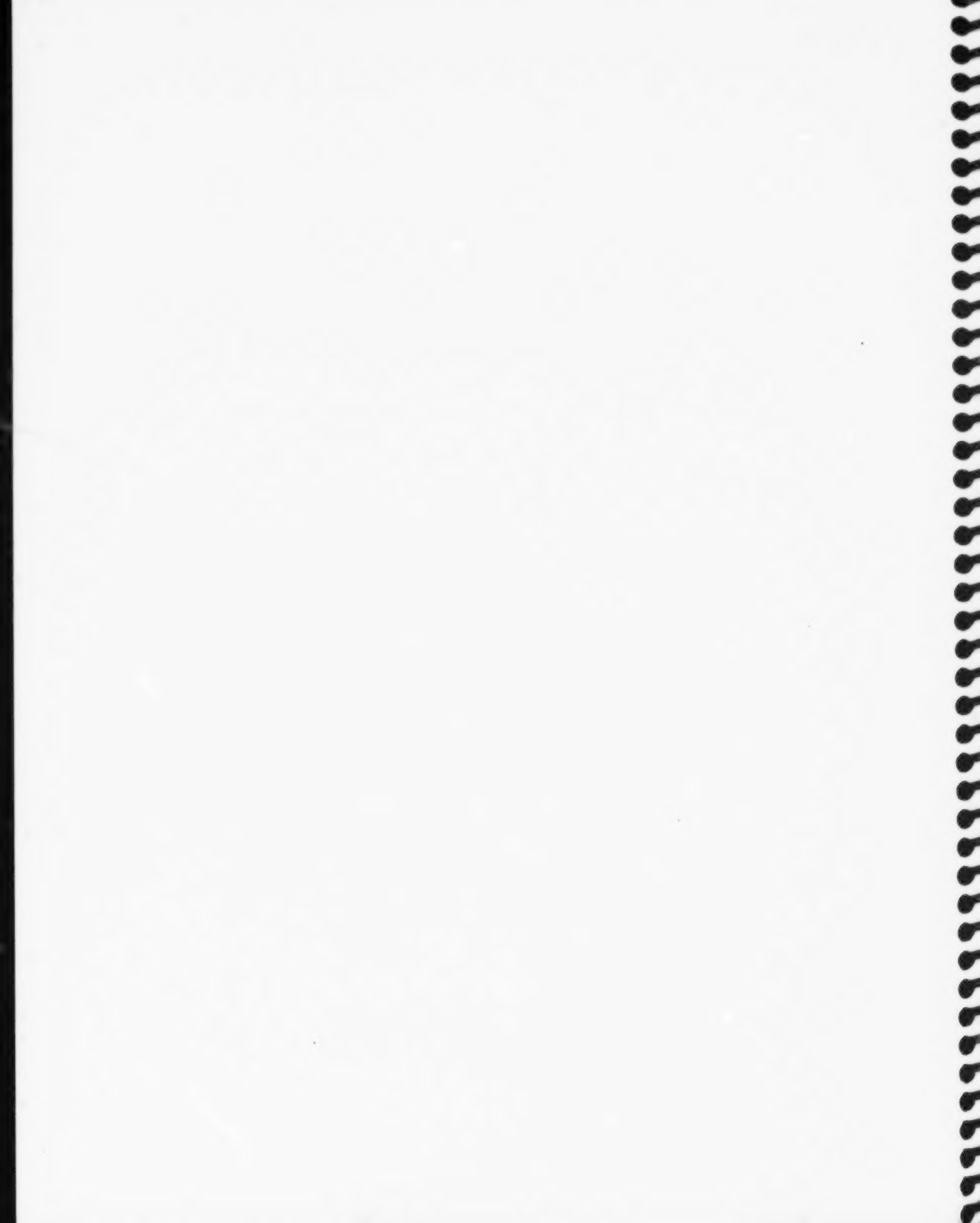
KPMG LLP

Chartered Accountants

Regina, Canada
May 12, 2004



KPMG LLP is a Canadian limited liability partnership, the Canadian member firm of KPMG International, a Swiss cooperative.



Sask911 Account

Statement of Operations and Net Assets

For the year ended March 31

	2004	2003
Revenues		
Sask911 fees - Wireline and Wireless	\$ 3,002,962	\$ 2,128,856
Interest income	17,399	14,504
	<u>3,020,361</u>	<u>2,143,360</u>
Expenses		
Public safety answering points	2,401,525	1,258,213
Central co-ordination	140,090	139,618
Start-up and communications	43,311	627,682
Standards and training	24,015	36,900
	<u>2,608,941</u>	<u>2,062,413</u>
Excess of revenues over expenses	411,420	80,947
NET ASSETS, BEGINNING OF YEAR	721,635	640,688
NET ASSETS, END OF YEAR	<u>\$ 1,133,055</u>	<u>\$ 721,635</u>

See accompanying notes.



Sask911 Account

Statement of Financial Position

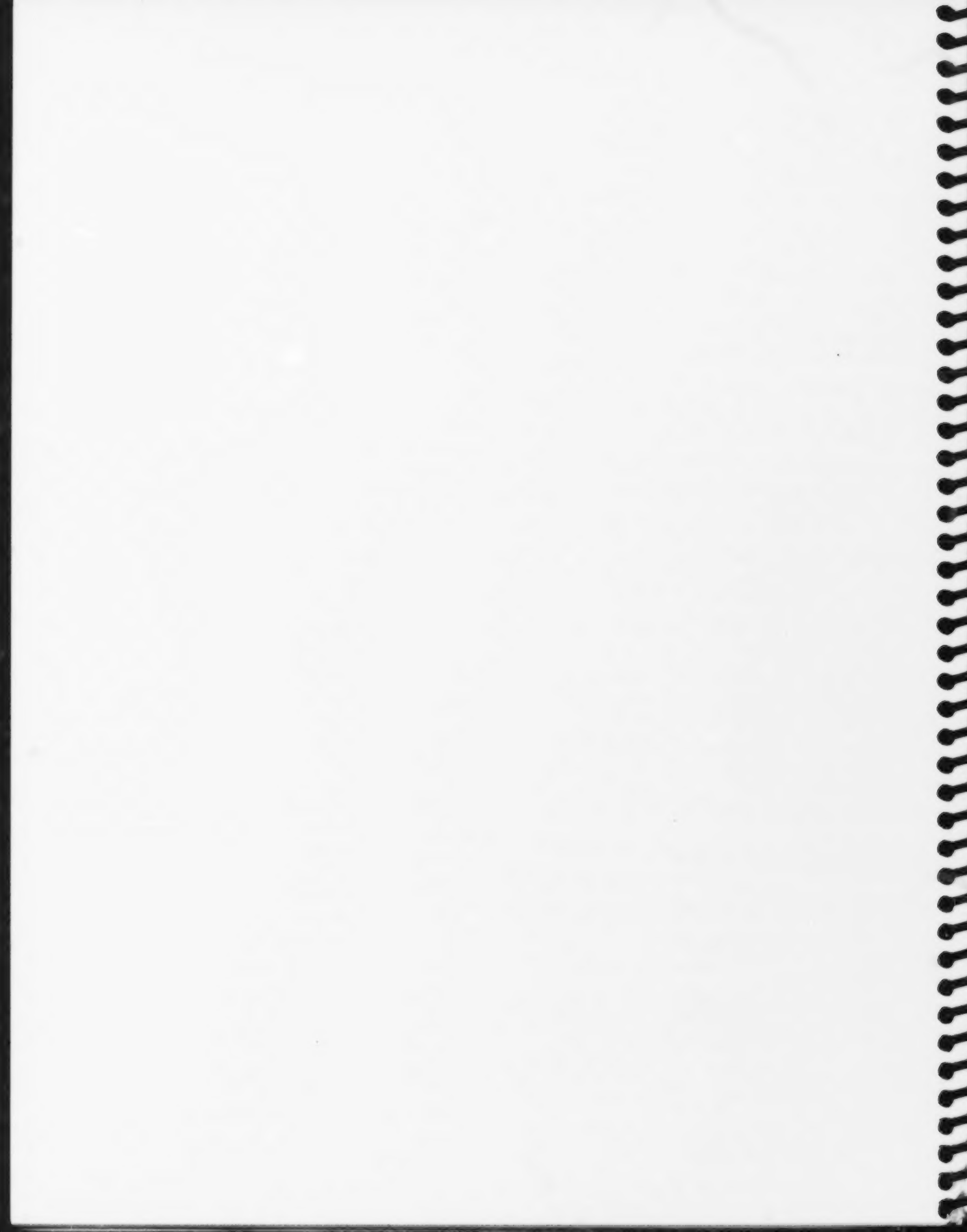
As at March 31

	2004	2003
ASSETS		
Current Assets		
Cash	\$ 1,242,547	\$ 657,227
Accounts receivable	410,571	181,823
Interest receivable	1,549	1,360
	<u>\$ 1,654,667</u>	<u>\$ 840,410</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 521,612	\$ 118,775
NET ASSETS (Note 4)	1,133,055	721,635
	<u>\$ 1,654,667</u>	<u>\$ 840,410</u>

See accompanying notes.

On behalf of SaskTel

A. Stephanson Officer
J. Miller Officer



Sask911 Account**Statement of Cash Flows**
For the year ended March 31

	2004	2003
Cash provided by (used in):		
Operating activities		
Excess of revenues over expenses	\$ 411,420	\$ 80,947
Changes in non-cash working capital:		
Accounts receivable	(228,748)	(31,436)
Interest receivable	(189)	(696)
Accounts payable	402,837	118,775
Net increase in cash	585,320	167,590
CASH BEGINNING OF YEAR	657,227	489,637
CASH END OF YEAR	\$ 1,242,547	\$ 657,227

See accompanying notes.



SASK911 ACCOUNT

Notes to Financial Statements

March 31, 2004

1. STATUS OF THE SASK911 ACCOUNT

The Emergency 911 System Act (Chapter E – 7.3 of the Statutes of Saskatchewan) (“the Act”) provides for the development, implementation and operation of an Emergency 911 system in the Province, known as The Sask911 System.

Section 45.1 of the SaskTel Act established the Sask911 Account (“the Account”). Effective January 1, 1999 The Sask911 Fees Regulations (Chapter S - 34 Reg 3 as amended by Saskatchewan Regulations 39/1999), requires all telecommunication operators providing local telephone services in certain municipalities in Saskatchewan to bill their connected customers prescribed Sask911 fees and to remit these fees to Saskatchewan Telecommunications (“SaskTel”) for deposit into the Account. SaskTel manages the Account.

Effective October 1, 2003 The Sask911 Fees Regulations, 2003 (Chapter S - 34 Reg 5 as amended by Saskatchewan Regulations 733/2003), requires all wireless service providers providing wireless communication services in certain municipalities in Saskatchewan to bill their connected customers prescribed Sask911 fees and to remit these fees to SaskTel for deposit into the Account.

Section 7 of the Act provides that the Minister responsible directs SaskTel to make payments out of the Account for the purposes of implementing the Act or exercising any of the Minister’s powers.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Revenue recognition

Wireline and wireless Sask911 fees from Saskatchewan Telecommunications are recorded on the accrual basis. Sask911 fees from other wireless service providers are recorded on the basis of amounts reported by the other wireless service providers for the reporting period.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. The inherent uncertainty involved in making such estimates and assumptions may impact the actual results reported in future periods.

SASK911 ACCOUNT

Notes to Financial Statements

March 31, 2004

3. SCOPE OF FINANCIAL STATEMENTS

In addition to its role in collecting the Sask911 fees referred to in Note 1, pursuant to 9(1) (d.1) of the SaskTel Act, SaskTel is entitled to recover its cost of installing and maintaining the equipment and facilities required to place emergency 911 calls in the Province of Saskatchewan. Fees charged by SaskTel in respect of its telecommunications cost are not reflected in these financial statements but rather as revenue in the financial statements of SaskTel.

4. NET ASSETS

As of March 31, 2003, the account contained designated assets of \$653,768. As of October 1, 2003 assets are no longer required to be designated for distribution.

5. RELATED PARTY TRANSACTIONS

These financial statements include transactions with Saskatchewan Telecommunications, which is considered a related party by virtue of common control by the Government of Saskatchewan.

Accounts receivable of \$363,034 (2003 - \$181,823) are due from SaskTel.

In addition, Sask911 pays Saskatchewan Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

6. FINANCIAL INSTRUMENTS

The carrying amounts of cash, accounts receivable, interest receivable and accounts payable approximate fair value due to the short term nature of these financial instruments.

